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South Carolina House of Representatives

Legislative Update & Research Reports

Ramon Schwartz, Jr., Speaker of the House

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OFFICE OF RESEARCH

Room 324, Blatt Building, P.O. Box 11867, Columbia, S.C. 29211, (803) 758-5096

Legislative Update

The Appropriation Bill

General Appropriation Bill (H.3550). Provides for the ordinary expenses of the state government starting July 1, 1986 and regulates the expenditure of state and other funds. Undoubtably the most important piece of legislation to face the General Assembly each year.

This session many expect appropriations to be difficult because revenues have slowed in recent years, forcing harder choices for members of the Legislature. As Chairman Mangum wrote in a memorandum to House members: "The revenue growth rate has fallen from the double digit heights of the seventies to single digit levels in the eighties. When taken together, new deductions, exemptions or other tax breaks have begun to have a significant impact on revenues....Budgeting will require the setting of priorities that will leave many programs underfunded or not funded at all."

The proposed Ways and Means bill reflects this realistic view; with few exceptions, the Committee recommends that the 2% cutback imposed on the current budget be carried forward in 1986-87. It is within a framework of matching obligations and priorities to resources and revenues that the appropriation bill is approached.

According to information from the Ways and Means Committee, the total expenditures for 1986-87 should come to \$198,386,716. (See breakdown on the next page.)

It must be remembered that a number of expenses are mandated because of several reasons. There are formula-funded line items, such as Aid to Subdivisions, which more or less set their own levels; there are federal court rulings, such as the "Garcia Decision" relating to employees, which add costs and are beyond state control; and there are tax breaks which must be covered, such as the inventory phase-out.

1986-87 Budget Picture

	<u>Budget Picture</u>	<u>W & M Actual Recommendations</u>
I Revenue		
1986-87 Revenue Estimate	\$ 2,729,620,660	\$ 2,755,983,665
Reserve Fund Transfer	(6,606,483)	(6,606,483)
1985-86 Adjusted Base	(2,550,824,217)	(2,550,824,217)
	<hr/>	<hr/>
AVAILABLE REVENUE	172,189,960	198,552,965
 II Expenditures		
Public Education-EFA	36,076,675	49,656,031
2% Restoration	46,349,968	2,179,744*
Capital Expenditure Fund	28,104,137	28,501,180
3% Employee Pay Raise	27,000,000	25,972,331
Higher Ed.-Full Funding	14,743,353	4,436,740
Annualization-New Positions	21,263,911	21,263,911
Corrections	15,000,000	12,000,000
Mental Health	15,000,000	9,600,000
Supplemental to Recurring Employer Contribution Rate Increase	4,666,827 11,586,636	4,066,827 8,181,868
Technical Ed.-100% Funding	9,134,927	1,311,667
Aid to Subdivisions	16,362,933	9,729,950
Inventory Phase-out	8,873,283	8,873,283
Debt Service	3,000,000	2,815,149
Required Funding	1,683,873	1,683,873
Garcia Decision	1,673,045	1,673,045
All other		6,442,715
	<hr/>	<hr/>
TOTAL EXPENDITURES	260,519,568	198,386,716
 BALANCE AVAILABLE	 (88,329,608)	 164,651

* The 2% restorations for EFA, Higher Education, Technical Education and the Department of Corrections are not included in this number. They can be found under the individual line items for the respective agencies.

Set for Special Order

Following the Appropriation Bill, several other items have been set for special order. Estimated time of arrival at these bills? Some observers have mentioned two weeks; *Legislative Update* makes no predictions. The summaries below will be reprinted in the future as and if necessary.

Statute of Limitations for Architects (S.153). How long are architects, engineers, surveyors and other kindred spirits to be blamed for defects caused by their work? At present their liability is indefinite; this bill proposes a time limit to that liability: sixteen years in the Senate version, ten years as amended by the House Labor, Commerce and Industry Committee.

The statute of limitations would commence following "substantial completion of the improvement" to real property. Actions could be based on damages arising from such events as breach of contract, negligent construction, personal injury or death, or economic loss. Separate consideration is given for hazardous or toxic substances, which affect persons in a manner different from normal construction or engineering defects or faults.

Bonds for Prisons (H.3279). This proposal would make provisions for capital improvement bonds to fund the prison construction required by the Nelson lawsuit settlement.

The 1986 bond bill will be over \$100 million. Normal capital improvement programs must address the needs of 6,000 existing buildings and facilities, and the present and future needs of 50 agencies, institutions, colleges and universities. The average yearly capital improvement program statewide is between \$60 to \$70 million dollars.

The Nelson settlement will cost about \$160 million over a five year period for prison construction. This bill proposes financing the statewide capital improvement program with general obligation bonds until the capital fund is large enough to finance this entire program in cash. Estimated time for the transition is four to five years.

The Joint Bond Review Committee has recommended that annual capital fund monies be used only for prison construction until there is money in excess of the need for prisons. The committee also recommended that the gradual phase-down of the debt service limit be suspended for a time, but would be fully implemented by 1992. This would enable the Treasurer to issue bonds until the capital fund could replace them.

By 1992, the state's debt service expenditures for general obligation bonds would have to be no more than 2 1/2% of the general fund for the prior fiscal year.

The General Assembly would be instructed to appropriate money into the Capital Expenditure Fund according to the following schedule:

FY 1985-86: one-half of one percent of the general fund revenue
FY 1986-87: one and one-half percent of the general fund revenue
FY 1987-88 and thereafter: two and one-half percent of the general fund revenue

Additional Capital Improvement Bonds (H.3283). A total of \$137,862,478 in capital improvement bonds would be authorized. These would be used by a number of state agencies and organizations, such as SLED (\$10,000,000); the Budget and Control Board (\$9,067,000, mostly for building renovations); colleges and universities (\$10,027,000 for Lander, \$27,341,000 for the University of South Carolina, \$8,500,000 for the Medical University, among others); TEC (\$13,008,892); and DHEC (\$5,000,000).

Truck Lengths (S.344). This bill suggests amendments to the South Carolina Code of Laws encompassing the size and combination limits now existing on vehicles. These amendments would allow larger combination vehicles to be used on the interstate system and other designated roads.

Section 56-5-4030 currently limits vehicle and load width to ninety-six inches. The amendment calls for an increase of this limit to one hundred two inches for operation on four lane highways.

Section 56-5-4070 would be amended to allow two and three unit combinations of specific sizes for designated types of transporters including truck tractors and auto transporters.

The amendment of section 56-5-4140 would allow heavier vehicles access to federal roads as long as certain equipment requirements were met. All weight requirements are listed in the bill itself.

An addition to the Code of Laws of Section 56-5-4075 would regulate the previous listed changes. The Department of Highways and Public Transportation would be authorized to establish guidelines for all the vehicles operating under these amendments.

These regulations would be based upon the federal guidelines governing interstate transportation.

The Grace Memorial Bridge is excluded from the designated route access as the Charleston structure does not meet Federal bridge support requirements.

The bill also directs the S.C Highway Department to negotiate with the Federal Highway Administration for a continuation beyond September 1, 1988, of the moratorium which has already been negotiated.

The Attorney General of the United States has been required to ensure that a state complies with federal requirements for truck length, width and combinations. Failure to comply with these requirements could result in a loss of federal fund for states. Since 1982, the South Carolina Highway Department has not enforced South Carolina laws where they conflict with federal law. The bill is an effort to remove the state highway department from an awkward situation and give better guidelines for allowing the longer and wider trucks and twin trailers to operate in South Carolina.

Legislation Filed

Government Operations

Terror Tactics (H.3582). This bill would make it a felony to terrorize, frighten or otherwise bother a person through a device that looked like a bomb or some incendiary device.

State Board of Interpreters (H.3582). In order to regulate the persons who offer to serve as interpreters to the deaf, H.3582 would establish the State Board of Interpreters. The Board would use criteria established by the National Registry of Interpreters for the Deaf to determine who could be licensed as a "qualified interpreter."

The Board would have six members appointed by the Governor. Two of these members would be recommended by the S.C. Registry of Interpreters; two would be deaf persons; and two would be from the general public, and unrelated to any agencies or organizations serving the deaf. The Board would license interpreters and promulgate necessary regulations. Violations of the regulations or the provisions of the act could bring a fine of up to \$2,000 or 2 years imprisonment for each offense.

SLED Protection (H.3607). Public officials or their immediate families who are threatened would be allowed up to 72 hours of protection by the State Law Enforcement Division (SLED). After that time, continued protection would have to be approved in writing by the Governor.

South Carolina and South Africa (H.3617). This bill would require that all state agencies, political subdivisions, and agencies of political subdivisions file a list of all investments with South African companies or that nation's government, and with American or other businesses connected with South Africa.

A number of similar bills have been introduced this session. Some of them deal specifically with the issue of "divestment," or severing business ties with South Africa because of its racial policies. For a more extended look at this issue, please see page 11 of this issue of the *Legislative Update*.

Emergency Regulations (S.1047). At present there are procedures whereby agencies can promulgate necessary regulations during times of emergency. This Senate bill would add natural resource agencies to that list, permitting them to write and publish the regulations "if abnormal or unusual conditions, immediate need, or the state's best interest require."

Property Tax (S.1082). Present law exempts from ad valorem property tax the residence of a spouse of a serviceman killed in action during the line of duty. This bill would delete the words "in action."

Alcohol Regulation

Beer, Porter, Wine &c (H.3583, H.3584, H.3583). A trio of bills which have to do with beer, ale, porter and wine permits and the regulation of those permits.

The first measure, H.3583, proposes an amendment to the S.C. Constitution. At present, only the General Assembly has the power to determine the hours of operation for establishments which have on-premise sale and consumption of beer and wine. H.3583 would permit the governing body of a county or municipality to set hours of operation as it chose.

H.3584 would expand 61-3-440 of the Code so that it includes beer, ale, porter and wine permits. This section deals with issuing licenses to establishments dealing with alcohol; basically, such licenses may not be granted if the business is within three hundred feet of any church, school or playground inside a municipality, or within five hundred feet outside a municipality.

According to the Code, "Such distance shall be computed by following the shortest route of ordinary pedestrian or vehicular travel along the public thoroughfare from the nearest point of the grounds in use as part of such church, school, or playground"

H.3585 would prohibit permits for on-site consumption sales of beer, wine and so forth within 500 feet of a residence; it would not apply to establishments currently holding such permits.

Elections

Campaign Advertising (H.3586). All campaign advertising would have to state clearly who paid for it--whether the candidate, a campaign committee, or a third party. If an unconnected third party paid for an advertisement or campaign literature, the material would have to be clearly marked that the message was not authorized by the candidate or the official campaign committee.

College Students' Voting Location (H.3587). Students in post-secondary schools would be allowed to vote where they "physically reside" once they signed an affidavit provided by the State Election Commission.

Aged or Handicapped Voting (S.971). Voters who are prevented from entering a polling place because of age or physical handicap would be provided for under this measure. Such persons would be permitted to vote in their vehicle in the nearest parking lot to the polling site. Poll workers would bring the ballot to the elector, and then place the folded ballot in the box at the polling place.

Education

Regulatory Reform (H.3603). This bill would change the procedures by which the State Board of Education promulgates regulations.

First, a Regulation Review Committee of nine members would be created in the office of the State Superintendent of Education. The members would be such officers as the State Superintendent, the Deputy Superintendents for Instruction, Finance and Operations, the Chief Supervisor of the Basic Skills section, and so forth. This committee would meet once a month.

At those meetings the committee would examine any proposed regulations. Each member would have to review the regulations and give a written opinion that the proposed rules were needed and appropriate; reasons would also have to be given.

The proposals, along with the committee's comments, would be sent to the superintendent of every school district for review by the local board of trustees. Local boards would have sixty days to consider the possible regulations, and indicate if they approved or rejected them.

Answers would go back to the Review Committee which would tally the results; if a majority of district superintendents and trustees approved of the regulations, they could go into effect according to the Administrative Procedures Act. If, however, a majority of superintendents and trustees disapproved of the proposed regulations, the State Board would have to send a copy of its report to each member of the House Education and Public Works Committee and all Senate Education Committees before any further action could be taken.

Finally, the State Board of Education could not send any proposed regulations for General Assembly review and action after February 1 of any given year.

A feast is made for laughter, and wine maketh merry: but
money answereth all things.
--Ecclesiastes 9:11-12

Money, which represents the prose of life, and which is hardly
spoken of in parlors without an apology, is, in its effects
and laws, as beautiful as roses.
--Ralph Waldo Emerson (1803-1882)

The lack of money is the root of all evil.
--George Bernard Shaw (1856-1950)

Money is like a sixth sense without which you cannot make
use of the other five.
--Somerset Maugham (1874-1965)

There is nothing so habit forming as money.
Don Marquis (1878-1937)

Other States Consider Action on Farm Crisis

As reported in the *Legislative Update* for February 25, a bill has been introduced into the House to provide relief for farm owners facing foreclosure and possible loss of their land. South Carolina is not the only state where farmers face difficulty.

Illinois passed a measure last year to help farmers; it went into operation this January. Farmers are allowed to consolidate their high-interest loans into a single, long-term loan at 9.5% interest rate. The Illinois treasury will guarantee 85% of the loan, and has set aside \$30 million to support this guarantee.

To qualify, an individual must earn more than 60% of income from farming and have a debt between 40% to 65% of total assets.

In Missouri the governor is asking for a \$200 million state-loan program to help farmers. The Missouri House passed such a measure last year but the Senate blocked its passage. One reason for Senate reluctance: last year's bill made small businesses and even corporations as eligible for the loans.

The plan would deposit the funds in banks throughout Missouri; the banks would loan the money to farmers at three points the market interest rate. The governor wants a ceiling of \$35,000 per loan and a requirement that the money go for production expenses, not land or new machinery.

Finally, in Minnesota members of the Democratic-Farm-Labor party plan to push for a one-year moratorium of farm foreclosures. Coupled with this will be a debt restructuring program that would have state funds available for loans to farmers. The farmers could apply for up to 10% of the appraised market value of their lands.

Source: *From the State Capitals: Banking Policies* 40/3.

Divestment:
The South African (Dis-)Connection

Bills Filed in General Assembly

International concern over the South African practice of apartheid has raised requests for divestiture of United States Corporations who are economically active in South Africa. Here in South Carolina, the General Assembly has seen seven bills filed on the subject since the opening of this session.

S.725 calls for an end to any investment of state controlled funds in organizations with business ties to South Africa. S.726 provides for the divestiture of these funds commencing in January, 1986. S.728 calls for a halt of loans to South Africa. S.729 requests an amendment to the South Carolina code of laws that would require new or expanding manufacturing entities to file a statement that they conduct no business with the Republic of South Africa in order for the company to claim any tax exemptions. S.809 requests a law code amendment to require financial institutions to file an annual statement in regard to their business with South Africa.

H.3168 is a resolution to encourage the state of South Carolina and any company in this state that does business with South Africa to divest for five years. H.3248 is a joint resolution that would require all state agencies to submit in writing to the President of the Senate and the Speaker of the House a list of all investments and the amount in any South African entity within ninety days of effective date. H.3617 does much the same as H.3248, but includes political subdivisions and agencies of political subdivisions.

A brief background of apartheid and the effects of divestment follow.

What Is Apartheid?

Apartheid literally means "separate development." For many people, however, apartheid has come to stand for the systematic exploitation of a people based solely on race.

South Africa is a country of approximately 30 million. It is ruled by a white minority of 4.5 million. The majority of the population are black Africans who number some 22 million. Other population groups include small minorities of Asians and "coloreds", as those of mixed race are known in South Africa.

The white minority government has maintained control of the black majority through the laws of apartheid which officially began in 1948. Apartheid laws include acts requiring all non-white citizens to carry passbooks whenever they travel outside their area of official residence.

In addition, there have been established "homelands" to give citizenship rights to black South Africans who are denied those rights within the country of South Africa. Homelands are designated to become independent states within the Republic of South Africa. The establishment of homelands as states will maintain fundamental principles of the apartheid system that guarantees white minority rule at the expense of most of the population.

What is Divestment? Why is it Called For?

Divestment means selling all stock in companies that have investments in South Africa. In theory, this would discourage companies from further investments in South Africa and possibly cause a break in relations between these corporations and South Africa until a time when investment would again prove profitable; theoretically a time when the practices of apartheid no longer existed and all groups of South Africans could reap the benefits of their country's wealth.

Cries for divestment have centered on the principle that without foreign economic interest and capital, South Africa would change its system of discrimination in order to regain the foreign investors that help to maintain the very high standard of living enjoyed by the white minority.

Divestment: The Other Side

Opponents of divestment believe that the removal of foreign capital would be detrimental to black South Africans, both economically and politically. These people believe that American investors actually improve the lot of most industrial black workers by offering better wages, improved working conditions, etc.

Many of these trans-national corporations also claim that their presence politically helps black South Africans by presenting an equality ideal that does not otherwise exist within South African industry. Some of these companies have adopted the "Sullivan Principles" as an attempt to say they are helping the situation in South Africa.

The Sullivan Principles are a list of labor practices that provide equal pay for equal work and propose an increase in the quality of life for the black worker in South Africa. These principles are voluntary and in no way are monitored to be sure that they are being fully practiced by any corporate subsidy.

Proponents of divestment disclaim the Sullivan Principles as merely a cover that falsely suggests US corporations are helping to change the system of apartheid. While all sides agree that divestment would initially hurt the black financial status, most black South Africans currently have incomes below the poverty level.

Finally, a number of observers point to the great strategic importance of South Africa to the defense of the United States and its western allies. South Africa is the sole source of a number of vital minerals, including chrome, which are needed in military technology. In addition, many of the world's shipping lanes converge near South Africa, making its location on the map key to the flow of goods.

Those who advance these views sometimes deplore apartheid, but insist that a relatively free, non-communist government in power in Pretoria is much preferable to Marxist "freedom armies" such as those supported by the Cubans in Angola.

Conclusion

The question of what role the United States and its citizens should take in regard to South Africa has caused problems for many persons, public and private. The balance of human rights versus strategic policy, of advancing the cause of justice versus non-intervention in the affairs of sovereign nations, these are only a few of the issues involved.

For many, an almost guaranteed way of change in South Africa is through the non-violent method of divestment. This is one way to exert international influence that could not be ignored by South Africa or other countries doing business in South Africa. It would also require a response by the South African government to bring back those investments that are vital to continued growth, and to prevent a decline for all South Africans.

Material for this report was prepared by Lynn Potts, a legislative intern with the House Research Office. Ms. Potts is a senior at U.S.C., majoring in International Studies/History, with a concentration in Africa south of the Sahara.